

CITY OF MEDIAPOLIS
INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT
FOR THE PERIOD
JULY 1, 2012 THROUGH JUNE 30, 2013

Table of Contents

	<u>Page</u>
Officials	3
Independent Accountant's Examination Report	4-5
Detailed Recommendations:	6

City of Mediapolis

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Larry Flaherty	Mayor	Dec 2015
Robert Gerling	Council Member	Dec 2015
Chuck Massner	Council Member	Dec 2017
Tim Licko	Council Member	Dec 2015
Tara Abel	Council Member	Dec 2013
John Vose	Council Member	Dec 2013
Julia Tribbey	City Clerk	Indefinite

TED M. WIEGAND, CPA

606 East Madison Street
Mount Pleasant, Iowa 52641

Independent Accountant's Examination Report

To the Honorable Mayor
and Members of City Council:

I have performed an examination of the City of Mediapolis pursuant to Chapter 11.6 of the Code of Iowa. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Mediapolis for the period July 1, 2012 through June 30, 2013. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2012 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.

9. I reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
10. I reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
11. I performed a receipts to deposit test, verified property tax collection and deposits, and confirmed and verified receipt of revenue from the State of Iowa. I applied procedures to determine that the Enterprise Revenue reconciliation was accurate and complete.
12. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
13. I reviewed transfers between funds for propriety, proper authorization and accurate accounting.
14. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
15. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the operations of the City of Mediapolis, the objective of which is the expression of opinions on financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Mediapolis, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Mediapolis and other parties to whom the City of Mediapolis may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Mediapolis during the course of my examination. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

January 7, 2014

City of Mediapolis

Detailed Recommendations

For the period July 1, 2012 through June 30, 2013

- (A) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the general government function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

- (B) Tax Increment Financing – The Annual Tax Increment Financing (TIF) reports were not prepared or filed by December 1, 2012 or December 1, 2013 as required by Chapter 384.22 of the Code of Iowa.

There are unspent TIF funds in the amount of \$124,997.95 that have not yet been disbursed or transferred to pay TIF obligations that qualify for payment.

Recommendation – The City should complete and file the required Annual TIF reports. Unspent TIF funds need to be resolved.

- (C) 1099 filings – The City has not been filing form 1099 with the IRS for independent contractor work as required.

Recommendation – The City should begin filing 1099 forms with the IRS annually, beginning with the year 2013.

- (D) Petty cash fund – The City has used a single petty cash fund for making small purchases and for making change for customer receipts. The fund was established with a base amount of \$125 and is reconciled regularly, however, upon examination there was an unexplained overage of \$39.83.

Recommendation – The City should have a separate cash funds, one that is a petty cash fund, and one that is a change fund. The petty cash fund should be used only for purchasing small items, and the change fund should be used for making change for customers. The City should continue to reconcile the accounts regularly, and should reimburse the petty cash fund back to the established amount as necessary.

- (E) Annual Financial Report – The Annual Financial Report submitted to the State of Iowa for the year ended June 30, 2012 contained inaccurate ending cash/fund balances because inter-fund transfers were omitted from the report. Overall City cash/fund balances were correct. Cash/fund balances were correctly stated on monthly Clerk reports.

Recommendation – The City should report corrected beginning cash/fund balances for the June 30, 2013 Annual Financial Report and be sure to report receipts, disbursements, and transfers correctly. Before submitting the report, the Clerk should ensure that all amounts, including the ending cash/fund balances, are correctly stated.